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INFO RUCPDO/DEPT OF COMMERCE WASHDC
RUEHDG/AMEMBASSY SANTO DOMINGO 5952

UNCLAS BRIDGETOWN 000649

SENSITIVE
SIPDIS

STATE FOR EB/CBA - DENNIS WINSTEAD
STATE ALSO FOR WHA/CAR - JON MITHCELL
COMMERCE FOR ADVOCACY CENTER
SANTO DOMINGO FOR FCS

E.O. 12958: N/A
TAGS: [EINV](#) [KTDB](#) [ETRD](#) [PGOV](#) [SENV](#) [XL](#)
SUBJECT: U.S. INVESTOR AT WIT'S END IN DOMINICA

SUMMARY

¶1. (SBU) AGGPIT Caribbean, L.L.C. (incorporated at 14900 Intracoastal Drive, New Orleans, LA 70129), a startup quarry investment into Dominica, is facing difficulties in obtaining the final permits needed to start operations and has requested U.S. government assistance. This US \$1 million investment is one of the largest new investments into Dominica, and could provide badly needed jobs and diversified exports to this small island nation, while improving the current health, safety, and environmental protection standards currently employed by existing producers. Aggpit believes the government's foot dragging may be partly a result of well-intentioned but poorly informed environmentalists, but also partly a blackballing effort by French quarry operators with existing operations. We have helped the government produce model legislation for the mining sector, and are working with Aggpit and the Dominican government to try to resolve the problem, but after eight months of waiting, senior management at Aggpit is close to pulling the plug on the investment. End Summary

GOVT, CIVIL SOCIETY SLOW-ROLL U.S. INVESTMENT

¶2. (SBU) When Aggpit's local director, Amcit Sam Holland, first approached the Government of Dominica regarding opening a quarry in Dominica in Spring of 2007, he was warmly welcomed and encouraged to invest in Dominica by the Prime Minister and senior government officials. His corporation has now invested almost US \$1 million and has acquired the land, hired staff, and obtained the license to buy and develop the site. However, they still need a permit to begin operations.

¶3. (U) The permit has been held up for the last eight months. Government ministers have told Holland that they want to wait until Parliament passes an updated quarry and mining act. USAID, through its COTS program, has provided some US \$40,000 to draft and prepare a model law. That draft has been completed and is awaiting final approval by the parliament.

¶4. (U) The government has been under pressure from some environmental groups to delay granting any new licenses until the proper legislation has been approved. Local environmentalists have been active on similar issues in the past, most recently getting the government to reverse a decision to build a Venezuelan-backed oil refinery on the west coast of the island. Environmentalists believe any extractive or heavy industrial investments into the country could detract from Dominica's efforts to become an environmental tourism leader in the Caribbean (Dominica markets itself as "the nature island.") These groups also complain that existing quarries have been allowed to develop without proper oversight or regulation,

resulting in visible scarring of the landscape and an increase in aerial pollutants on the island.

AN "UNSEEN HAND"?

15. (SBU) Perhaps more problematically, Holland believes existing local quarry businesses, many of whom are French owned joint ventures, have been putting pressure on the government to delay granting a license to Sam's company, in hopes of driving him out of business. He notes, too, that local companies may be attempting to stifle passage of the new Mining Law, which would create model regulatory standards for the industry - and many local companies would not make the grade under the new standards. Holland has assured us that Aggpit Corporation is committed to the highest environmental standards in the industry, and that his corporation is willing to follow any updated changes to the law. Aggpit's investors, meanwhile, are threatening to pull out of the project altogether and leave Dominica if the permit is not issued soon. The board of directors will be in Dominica the week of November 3rd to make a final decision whether to continue with the project or cancel the investment.

COMMENT

16. (SBU) This case illustrates some of the pitfalls facing foreign investors in the Eastern Caribbean, where entrenched local interests often can prevent foreign competitors from entering the market through informal veto power over applications and permits. This investment, and the new regulatory regulation we helped Dominica prepare, would both be good for that country, helping it to diversify exports, create jobs, and improve environmental and health and safety standards that some less scrupulous foreign investors are currently skirting. The Ambassador will call Prime Minister Skerrit to encourage Dominica to pass the pending legislation, issue Aggpit's permit, and get this investment back on track.

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